

## § 1773.40

(ii) Distributing transportation costs and other expense clearing accounts; and

(iii) Capitalizing overhead costs;

(5) The tests of depreciation;

(6) A review of agreements such as those relating to acquisitions, property sales, and leases which affect the plant accounts; and

(7) Notations, if applicable, of RUS approval of property sales and the propriety of the disposition of the proceeds.

### § 1773.40 Regulatory assets.

The CPA's workpapers must document whether all regulatory assets comply with the requirements of SFAS No. 71. For electric borrowers only, the CPA's workpapers must document whether all regulatory assets have received RUS approval.

[59 FR 660, Jan. 6, 1994]

### § 1773.41 Extraordinary retirement losses.

The CPA's workpapers must contain an analysis of retirement losses, including any required approval by a regulatory commission with jurisdiction in the matter, or RUS, in the absence of commission jurisdiction.

### § 1773.42 Clearing accounts.

The CPA's workpapers must contain an analysis of all clearing accounts. Based upon the CPA's determination of materiality, an appropriate sample of transactions should be selected for testing. The CPA's workpapers must document that transactions were reviewed for proper allocation between expense and capital accounts.

### § 1773.43 Capital and equity accounts.

(a) *Capital stock.* For privately owned companies, the workpapers must include analyses of all stock transactions during the audit period. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing. The CPA's workpapers must document that he/she:

(1) Reviewed the subsidiary records and reconciled them to the general ledger control account;

## 7 CFR Ch. XVII (1-1-11 Edition)

(2) Reviewed authorizations and issuances or redemptions of capital stock for proper approvals by the board of directors, stockholders, and regulatory commissions;

(3) Determined that transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, and RUS loan documents; and

(4) Determined that transactions were recorded in accordance with the Uniform System of Accounts.

(b) *Memberships.* For cooperative organizations, the workpapers must include an analysis of the membership transactions during the audit period. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing. The CPA's workpapers must document that he/she:

(1) Reviewed the subsidiary records and reconciled them to the general ledger control account; and

(2) Determined that transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, and RUS loan documents.

(c) *Patronage capital, retained earnings, margins, and other equities.* The workpapers must include an analysis of the patronage capital, retained earnings, margins and other equities, and any related reserve accounts. Based upon the CPA's determination of materiality, an appropriate sample of transactions must be selected for testing. The CPA's workpapers must document that he/she:

(1) Determined that the transactions were made in accordance with the appropriate provisions of the articles of incorporation, bylaws, RUS loan documents, Uniform System of Accounts, or orders of regulatory commissions;

(2) Traced payments to underlying support; and

(3) Determined whether, under the terms of the RUS security instrument, restrictions of retained earnings or margins are required and, if so, whether they have been properly recorded.

### § 1773.44 Long-term debt.

The CPA's workpapers must document that he/she:

## Rural Utilities Service, USDA

## § 1774.2

(a) Confirmed RUS, FFB, and RTB debt to the appropriate confirmation schedule (RUS Form 690, Confirmation Schedule Obligation to the FFB as of; or Form 691, Confirmation Schedule—Long-term Obligation to RUS as of; or RTB Form 12, Confirmation Schedule);

(b) Confirmed other long-term debt directly with the lender;

(c) Examined notes executed or canceled during the audit period; and

(d) Tested accrued interest computations.

### § 1773.45 Regulatory liabilities.

The CPA's workpapers must document whether all regulatory liabilities comply with the requirements of SFAS No. 71. For electric borrowers only, the CPA's workpapers must document whether all regulatory liabilities have received RUS approval.

[59 FR 660, Jan. 6, 1994]

### §§ 1773.46–1773.49 [Reserved]

## PART 1774—SPECIAL EVALUATION ASSISTANCE FOR RURAL COMMUNITIES AND HOUSEHOLDS PROGRAM (SEARCH)

### Subpart A—General Provisions

1774.1 General.

1774.2 Definitions.

1774.3 Availability of forms and regulations.

1774.4 Allocation of funds.

1774.5–1774.6 [Reserved]

1774.7 Environmental requirements.

1774.8 Other Federal Statutes.

1774.9 [Reserved]

### Subpart B—Grant Application Processing

1774.10 Applications.

1774.11 [Reserved]

1774.12 Eligibility.

1774.13 Limitations.

1774.14 Eligible grant purposes.

1774.15 Selection criteria.

1774.16 Grant application processing and approval.

1774.17 Grant closing and disbursement.

1774.18 Reporting requirements, accounting methods and audits.

1774.19 Applications determined ineligible.

1774.20 Conflict of Interest.

1774.21–1774.23 [Reserved]

1774.24 Exception Authority.

1774.25–1774.99 [Reserved]

1774.100 OMB Control Number.

AUTHORITY: 7 U.S.C. 1926(a)(2)(C).

SOURCE: 75 FR 35963, June 24, 2010, unless otherwise noted.

### Subpart A—General Provisions

#### § 1774.1 General.

The purpose of the Special Evaluation Assistance for Rural Communities and Household (SEARCH) Grant program is to provide financial assistance to the neediest, eligible communities, who lack financial resources to pay for feasibility studies, design assistance and technical assistance. This subpart sets forth the general policies and procedures for making and processing predevelopment planning SEARCH grants for water and waste projects.

#### § 1774.2 Definitions.

The following definitions apply to subparts A and B of this part.

*Agency.* The Rural Utilities Service of the United States Department of Agriculture (USDA) within the Rural Development mission area of the Under Secretary for Rural Development. The Processing Official will administer this water and waste program on behalf of the Rural Utilities Service.

*Approval official.* The Agency official at the State level who has been delegated the authority to approve grants.

*ConAct.* Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)).

*Design assistance.* Preliminary design and engineering analysis necessary for an application for funding. Design assistance does not include financial assistance for development of plans, specifications, or bidding documents.

*DUNS Number.* Data Universal Numbering System number obtained from Dun and Bradstreet and used when applying for Federal grants or cooperative agreements. A DUNS number may be obtained at no cost, by calling 1-866-705-5711.

*Eligible entity.* Entity that meets eligibility requirements to obtain a loan, loan guarantee or grant under Paragraphs 1, 2 or 24 of Section 306(a) of the ConAct (codified at 7 U.S.C. Section 1926(a)(1)(2) and (24)).

*Feasibility study.* Documentation associated with an objective analysis of project-related technical engineering